

**TERMS and CONDITIONS**  
**Commonwealth of Massachusetts**  
**Capital Improvement & Preservation Fund Program**

For more information please go to our web page at [www.mass.gov/dhcd](http://www.mass.gov/dhcd) or call the CIPF staff at  
(617) 573-1300

<b>Eligible Borrowers:</b>	For profit developers and non-profit developers
<b>Eligible Activities:</b>	Acquisition, refinance and/or rehabilitation of existing structures for rental use. Eligible properties include housing at risk of losing affordability restrictions due to the potential for the prepayment of its mortgage and housing in which a project-based rental assistance contract has expired or is expiring.
<b>Maximum Loan Amount:</b>	DHCD will award a maximum of \$40,000 per unit for projects with more than 25 units and a per project maximum of \$2,000,000 and will award \$50,000 per unit for projects with 25 units or less and a per project maximum of \$1,250,000.
<b>Local Contribution:</b>	All applications must include a contribution from the community in which the project is located. In addition, a letter of support from the chief-elected official of the municipality in which the project is located also should be included.
<b>Cost/Fee Limits:</b>	DHCD's recommended per unit cost limit is \$155,000. The combined cost of the developer fee, developer overhead and development consultant may not exceed 12.5% of a project's Total Development Cost. For projects seeking Low-Income Housing Tax Credits (LIHTC) with Capital Improvement and Preservation funds, the developer fee, overhead and development consultant costs must be within the allowable LIHTC limits.
<b>Security:</b>	All CIPF loans will be secured by a mortgage on the property. CIP funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.
<b>Affordability:</b>	No less than 50% of the total units must be available and affordable to households at or below 80% of the area median income as determined by HUD and a minimum of 5% of the total number of units must be reserved for households at or below 50% of the area median income. Rents in CIPF projects must conform to the high HOME rent schedule, HUD Section 8 or other DHCD program rental rates. Please contact DHCD for a list of maximum rents and household incomes for your community.
<b>Holdback Feature:</b>	DHCD provides CIPF funds through a requisition process and holds back 10% of the CIPF award until the project is substantially complete.
<b>Term of Loan:</b>	Loans will be for 40 years. During the final year of a loan, the owner has the option of requesting an extension of the affordability period and further deferring payment on the mortgage note.
<b>Recourse:</b>	The loans will be non-recourse.
<b>Interest Rate:</b>	Generally, DHCD CIPF loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any CIPF loan.

<b>Debt Coverage Ratio:</b>	DHCD expects CIPF projects to have minimum debt coverage ratios of approximately 1.15 in year one.
<b>Sustainable Development Principles:</b>	Applicants should submit applications for projects that are guided by the Commonwealth's principles of sustainable development.
<b>Environmental:</b>	An ASTM Phase One environmental assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing documentation. Properties also may be subject to additional review.
<b>Good Standing at DHCD:</b>	Applicants for CIPF funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
<b>Application Fees:</b>	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$750 per project.
<b>Application Process:</b>	Applications for CIPF are accepted on a rolling basis or as part of a rental funding round if other DHCD resources are required.